



Effect of Organizational Climate on Employees' Emotional Intelligence and Performance: A Case of Pakistani Hotel Industry

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Received: 14 October 2017, Revised Received: 05 November 2017, Accepted: 16 November 2017

Abstract

The basic purpose of the study is to examine the relationship between employees' emotional intelligence skills and their performance level with task and contextual domains and organizational climate taken as moderator in the study. In this study, data taken from 110 respondents of the hotel industry at middle and upper level management, while considering their demographic characteristics as well. The researchers used statistical package for social sciences (SPSS) for data analysis and descriptive and inferential statistics run in this study. The findings of the study show that an organizational climate significantly moderates the relationship of employees' emotional skills and performance in the hotel industry.

Keywords: Emotional intelligence, Performance, Organizational climate, Hotel industry.

Introduction

In the era of technology, organizations moving toward rapidly and for this purpose preparing their workforce according to the business environment for making competitive advantage through their technical and especially with the help of human capital. Chughtai and Lateef (2015) argued that emotions play imperative role and aligned with organizational success within the context of Pakistan. Researches (Owoseni, & Olakita, 2014; Mustafa & Amjad, 2011) conducted studies and concluded that employees' skill in the context of their emotions are related to their

performance level at some extent. Individuals at workplace put their efforts for completion of their jobs for success (Khan, Asghar & Chughtai, 2013). In recent scenario, organizations like to hire individuals with emotional skills for better achievement of organizational goals Fukuda et al. (2011).

With the passage of time researchers conducted several studies to find out the relationship between employees' emotional intelligence and performance level of employees based on task and contextual performance, in this connection, researchers (Rieck, 2009; Tram, & O'Hara, 2006; Elfenbein et al., 2006;

Tram, & O'Hara, 2006) worked and highlighted the connection between performance of employees and emotional intelligence. In the present scenario, there is a need of study on emotional level of employees with individuals' task as well contextual performance. This study unfolds different aspects regarding employees' task and contextual performance in the light of their emotional quotient. According to Searle (2011) employees' task performance increase through the support and control of emotions at workplace. Organizational climate plays its moderating role, also linked with individual/organizational outcomes, as well as it provides better understanding of employees' behavior at workplace (Furnham, 2004).

Emotional Intelligence

According to Salovey and Mayer (1990) "emotional intelligence of employees as "the ability to perceive accurately, appraise, and express emotion; the ability to access and /or generate feelings when they facilitate thought; the ability to understand emotion and emotional knowledge, promote emotional and intellectual growth" (Pp.35). Owoseni and Olakita (2014) observed that if employees control their emotions then effective results are achieved at workplace. Sitaram and Khurana (2014) also informed that individuals' emotional intelligence related with their self-efficacy as well. Researchers (Sebaradar & Asadi, 2013, cited Chughtai & Lateef, 2015) highlighted importance of emotional intelligence in relation with individuals' performance within organizations. With the passage of time number of researchers (Lopes, Cote, & Salovey, 2006; Salovey & Grewal, 2005; Day & Carroll, 2004; Gaudine & Thorne, 2001; Schutte, Schettzel, & Malouff, 2001) worked on emotional intelligence within organizational settings.

Furthermore, researchers Mayer, Salovey & Caruso (2004) documented the emotional intelligence as "the capacity to reason about emotions to enhance

thinking" (pp.197). The prominent researchers in the field of emotional intelligence like Salovey and Mayer (1990) developed model based on individuals' ability and termed it as 'ability model'. According to this model performance of employees can be evaluated through performance-related techniques/tests, this argument also supported by some researchers (Rosete & Ciarrochi, 2005).

Employee Performance

According to Ganji (2011) and Hasanzadeh (2009) emotional intelligence enhances individuals' performance at workplace. Researchers (Koman, & Wolff, 2008; Rosete & Ciarrochi, 2005) also highlighted the importance of task related performance of employees in working environment. Prominent researchers (Motowidlo, Barman, & Schmit, 1997) in the field of employees' performance explained task performance as this phenomenon is related with production of goods and services as well at workplace for organizational effectiveness. Williams and Karau (1991) explained this phenomenon of task performance as it is the contribution of employees at workplace toward discharging of their assigned duties.

Researcher (Parker, Williams, & Tumer, 2006; Sonnentag & Frese, 2002) argued that due to changing environment nature it is not possible for employees to comply with their assigned duties all time and these researcher focused on contextual performance of employees. Borman and Motowidlo (1993) categorized the phenomenon of employees' contextual performance and divided it into five factors. Many researchers (Johnson, 2001; Griffin, Neal, & Neale, 2000) noted and informed that both task and contextual performance different in nature and can be measure at individual level. The phenomenon of performance of employees at workplace is supported by the theory work of Elger (2007) 'Theory of Performance'.

Organizational Climate

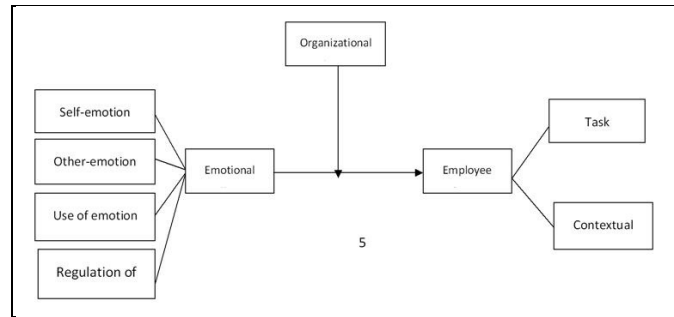
Organizational climate defined by researcher (Litwin & Stringer, 1968) as “a set of measureable properties of the work environment, perceived directly or indirectly by the people who live and work in this environment and assumed to influence their motivation and behavior” (pp.1). According to Schnake (1983) organizational climate extensively discussed phenomenon in relation with organizational as well as individual outcomes like job satisfaction, individual performance, organizational performance and leadership behaviors at workplace. Research studies show that increase in satisfaction level of employees at workplace is directly or indirectly linked with organizational climate, resultantly performance of individual increases as well (Metle, 2001).

Furthermore, many researchers (Abdel-Razek, 2011; Chang, Chuang, & Bennington, 2011; Raza, 2010; Tutar, & Altmoz, 2010; Spruill, 2008; Adeyemi, 2006) found the linkage between organizational climate and job performance. In this study 6 six dimensions as presented by Subramanian & Shin, (2013) taken into consideration. For the theoretical support of the concept of interacting variable, the ‘Interpersonal Organizational Theory’ developed by Kahn (1964) used in the present study.

Research Objectives

1. To examine how employees’ emotional intelligence affects the performance of employees working in the hotel industry of Islamabad.
2. To analyze the moderating effect of organizational climate on the relationship of employees’ emotional intelligence and performance in hotel industry in Islamabad.

Research Diagram



Hypotheses Development

H1: Employees’ Emotional Intelligence is associated with Employees’ Performance.

H2: Organizational climate moderates the association between employees’ emotional intelligence and performance.

Materials and Methods

The study based on quantitative data, and carried-out through primary data source (survey), furthermore, data collected from employees of hotels (Marriott, Serena and Islamabad Hotel) operating in Islamabad which is based on purposive sampling (non-probability, a sampling technique) with 110 respondents from the hotels (Marriott, Serena and Islamabad Hotel) in Islamabad. In this study three research instruments will be used for measuring respondents’ response, employee performance scale based on two dimensions task performance (Williams & Anderson, 1991) with 5 items and contextual performance (Borman and Motowidlo, 1993) with 16 items, the emotional intelligence inventory scale developed by Law et al. (2004) based on four dimensions with 16 items, lastly. The third scale will be used in the study of organizational climate based on six dimensions with 24 items, this scale developed by Furnham and Goodstine (1997). The data analyzed through statistical package for social sciences (SPSS) and SEM (Structural Equation Modeling). The

analysis of data dealt with descriptive as well as inferential statistics for better understanding.

Results and Discussion

Table 1. Respondent's Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-25	12	10.9	10.9	10.9
	26-30	34	30.9	30.9	41.8
	31-35	24	21.8	21.8	63.6
	36-40	26	23.6	23.6	87.3
	41-45	12	10.9	10.9	98.2
	46-50	2	1.8	1.8	100.0
	Total	110	100.0	100.0	

Table 2. Respondent's Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	69	62.7	62.7	62.7
	Female	41	37.3	37.3	100.0
	Total	110	100.0	100.0	

Table 3. Respondent's Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-5	42	38.2	38.2	38.2
	6-10	26	23.6	23.6	61.8
	11-15	24	21.8	21.8	83.6
	16-20	17	15.5	15.5	99.1
	21-25	1	0.9	0.9	100.0
	Total	110	100.0	100.0	

Table 4. Respondent's Qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Graduate	22	20.0	20.0	20.0
	Mater's & above	88	80.0	80.0	100.0
	Total	110	100.0	100.0	

Descriptive statistics of the study highlights that in terms of demographic variable four categories studied

in the paper Age, Gender, Qualification and Employment Experience. Table-1 highlights respondents' age in terms of various groups, as findings show that 30.9% respondents belong to the age group (26-30 years), followed by 26% (26-40 years), 24% (31-35 years), 12% (41-45 & 20-25 years), and lastly 2% (46-50 years) of the age groups. Further, table-2 depicts that in the survey out of 110 respondents 69 males participated in the survey while on the other hand 41 female employees responded against the stated questions in the questionnaire. Table-3 of the study show that 42 respondents belong to the service length group (0-5 years), followed by 26 employees (6-10 years), 24 employees (11-15 years), 17 respondents (16-20 years), and only 1 employee belongs to the service length group of (21-25 years). The last table is about qualification of the respondents, in the study 88 employees hold Master's or above degree, while 22 employees are just hold Graduate degree.

Table 5. Reliability Estimates

Variable	Cronbach's Alpha	No. of Items
Emotional Intelligence	.820	16
Employee Performance	.863	21
Organizational Climate	.722	24

Table-5 highlights cronbach alpha values of study variables, results show that the variables of the study Emotional Intelligence, Employee Performance, and Organizational Climate hold values 0.820, 0.863, and 0.722 respectively in the study. Results tell that all variables hold threshold value of alpha that is 0.7, that's why researchers can say that scales of the study are reliable for further usage in the study.

Table 6. Model Summary – I

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change				
1	.610 ^a	.372	.366	.377	.372	1	.610 ^a	.372	.366

a. Predictors: (Constant), Emotional Intelligence

Table 7. Coefficients- I

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.713	.279		6.146	.000
	Emotional Intelligence	.578	.072	.610	7.998	.000

a. Dependent Variable: Employee Performance

Tables 6 and 7 highlights that independent variable affects 37% to dependent variable as R-square value is 0.372, significance value shows that there is significant positive impact of emotional intelligence on performance of employees.

Table 8. Model Summary - II

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.664 ^a	.441	.431	.357	.441	42.232	2	107	.000

a. Predictors: (Constant), Moderator, Emotional Intelligence

Table 9. Correlation Coefficients - II

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.912	.270		7.089	.000
	Emotional Intelligence	.229	.118	.242	1.943	.004
	Moderator	.081	.022	.453	3.639	.000

a. Dependent Variable: Employee Performance

Furthermore, tables 8 and 9 show results of inferential statistics of the study tables based on model summary and correlation coefficient, results show that R= 0.441 (44%) change occurred in dependent variable that is performance of employees due to employees' emotional intelligence and climate of the organization.

Conclusion

The paper highlights that employees' emotional intelligence affects performance of employees in hotel (service oriented) industry, while moderating variable (organizational climate) moderates the relationship

significantly, results show that organizational climate is good moderator in the relationship of IV and DV of the study. Hence, it is concluded that both research hypotheses (H1 and H2) failed to reject in this study, and the researchers can conclude that performance of employees in hotel industry of Islamabad (Pakistan) is affected by their emotional intelligence skills, and organizational climate affects / moderates the relationship between the two variables of the study. The research hypothesis-I association between emotional intelligence and employee performance is supported. While, second research hypothesis moderating role of climate of the organization influence the relationship between independent and dependent variable also supported. It is concluded that both study hypotheses approved and supported by results.

The study has some limitations, but in future research may be carried-out with some other dimensions of the same variables or replication of the study also recommended. The study is delimited by the researchers in terms of time horizon, scales and geographical limits, further variation of these concepts also recommended in other settings as well.

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Cite this article: Khalid, B., Yasmin, R., and Abrar, F. 2018. Effect of Organizational Climate on Employees Emotional Intelligence and Performance: A Case of Pakistani Hotel Industry. *International Basic and Applied Research Journal*, Volume 04, Number 01, pp. 1-8.